

**U P F C for the Promotion of Regional and
Backward Area Development**

A. JOSHI AND V. K. GOEL

**GIRI INSTITUTE OF DEVELOPMENT STUDIES
LUCKNOW**

UPFC for the Promotion of Regional and Backward
Area Development

For reducing inter and intra-regional disparities, structural diversification and locational diversification of manufacturing activity as well as industrial growth in backward areas are important. Manufacturing activity can be developed, where region is poor in natural endowment and it works for development as a catalyst through spread effects by generating backward and forward linkages. The impact of linkages is greatest where industries use local resources for their production purpose and produce for local masses. But even if industries are not based on local resources or on the local market it will certainly induce ancillary activities and the multiplier effect is expected to operate in the promotion of employment.

Different regions develop at different paces. Industrial development is, therefore, not spatially even but is concentrated in urban areas and near to urban areas. The concentration of activity in turn leads to external economies by way of infrastructure, larger markets, higher level of education and availability of skilled technical and professional personnel.

Concentration creates a problem of regional disparities in income and standard of living. Thus dispersal of industries

becomes necessary. Several efforts have therefore, been made for dispersal of manufacturing activities and to locate them in backward areas by providing infrastructure facilities, location of large public sector units, and various fiscal and financial incentives. All these measures, together, are expected to play an important role in industrial as well as overall development of the backward areas. By providing infrastructure, public sector project and fiscal and financial incentives to backward areas, certain disadvantages are automatically cut-short. Hence, these areas will become worthwhile for the industrial activities and for development.

Different areas differ in disadvantage from each other, or in other words, few backward areas have certain disadvantages peculiar to them, therefore, the assistance offered to these areas should be different in nature. After all all types of disadvantages ultimately leads to low revenue to the entrepreneur. Hence, financial assistance and concessions of various types may provide a solution to this problem, but it is certain, that the degree of the financial assistance and concessions need to be different in different regions.

U.P. is the largest state in the country from the point of view of population. However it continues to be among the least developed states of the country. Inadequate development of the industrial sector in U.P. is both an indicator as well as a cause of the backwardness of the state. This, however, does

not mean that there is insufficient scope for industrial development. While the state in general is an underdeveloped one there is a striking difference as far as the five economic regions of the state are concerned for the point of view of level of development. The most developed region being the western region which is followed by the central and eastern regions. Bundelkhand and the hill regions are the most backward in the state in general and with regard to industrial development in particular. Out of the 56 districts of the state 39 have been listed as backward districts while 6 of these 30 have been listed as specially backward. Ghaziabad district is unique in the sense that while the district is non-backward NOIDA, which is a part of the district, is treated as backward.

With a view to step up the rate of industrial growth in the state the state government as well as the centre have introduced various schemes of incentives that are operated through the numerous institutions like the UPFC, PICUP, IDBI, UPSIDC etc. This paper aims at pointing out how far the UPFC has been successful in its efforts to step up the rate of industrial growth in the state by focusing attention at the role of the UPFC in the five regions of the state and in the backward districts of these regions.

The Uttar Pradesh Financial Corporation was established in 1954 by the state government. The corporation has its head office at Kanpur and regional, zonal, branch and sub-offices in 14 more district headquarters. The region-wise break up

is west - 4, central - 2, eastern - 4, hill - 4 and Bundelkhand - 1. The corporation also has a regional office in New Delhi. It is authorised to grant financial assistance to industrial concerns. Its activities, at present, are confined to granting of loans to industrial concerns and issue of deferred payment guarantees to industrial concerns for purchase of indigenous machinery.

The under-writing of issue of stocks, shares, bonds or debentures by industrial concerns has not been taken up so far since this work is being done by the UPSIC.

The corporation operates two types of schemes viz. the corporation loan scheme under which assistance is provided by the UPFC out of its own funds to all types of industries, and the agency loan scheme (as agent of the state government) whereby assistance is provided to small scale industries.

In the backward districts of the state the UPFC has announced concessional terms i.e. lower rates of interest, longer grace period upto 3 years, longer repayment period upto 15 years, reduced margin and lower equity debt-ratio, reduction by 50% in the commitment levy and other processing and legal charges and payment of guarantee commission by the corporation in respect of SSI units. In the 6 specially backward districts 10% capital subsidy is also provided by the UPFC.

The corporation has introduced special schemes for technical entrepreneurs. No rigid equity debt-ratio is insisted upon.

Special repayment procedures are applied to enable the entrepreneurs to build up adequate internal resources to strengthen the equity structure of the concerns in the initial years. The margin of security is reduced from 25-50% to 15-25% in non-backward districts and further to 10-15% in backward districts.

The UPFC has been one of the most prominent financial institutions of the state promoting industrial activity. As the years have gone by its participation has shown a very rapid increase. This is evident from the fact that right from 1956 to 1965 the UPFC was functioning through its head office alone. By 1970 it had 3 offices which rose to 11 by 1975 and stood at 16 in 1980 (Table I). This became necessary since during the fourth plan period greater emphasis was laid on the promotion of industrial activity and to cope up with ever increasing demand for loans and to speed up its functioning the UPFC had to think in terms of regional offices, branch offices as well as sub-offices.

By 1956 the UPFC had sanctioned an amount of 20.62 lakhs as corporation loan to 26 units in the small scale sector and by 1965 it had sanctioned Rs.113.31 lakhs to 90 industrial units. From then onwards its participation has been of a much higher level with amounts sanctioned of nearly Rs.4.00 crores by 1970 to 241 units, Rs.26 crores sanctioned by 1975 to over 1500 units and Rs.82 crores sanctioned by 1980 to over 5 thousand units. A similar trend is observed in the case of loans other than small scale. As against Rs. 1 crore sanctioned to

27 units in 1960 over 3.75 crores had been sanctioned to 75 units by 1965. Within the next five years there was an increase in sanctions of nearly 100 per cent with Rs.7.29 crores being sanctioned to 117 units. From 1970 onwards the increase has been extremely rapid (Rs.22.69 crores (274 units) in 1975 and Rs.34.77 crores (342 units) in 1980).

As against the sanctioned amount of Rs.20.62 lakhs in 1956 the disbursement to the small scale units was only Rs.3.59 lakhs and works out to less than 17.5 per cent of the sanction. 1965 saw the highest disbursement (83.5%) Rs.21.57 lakhs disbursement as against the sanction of Rs.25.83 lakhs. Disbursement to other units works out to nearly 71 per cent of the sanction for the same year. During 1965 the disbursement level fell to below 71 per cent in the case of small scale units and to below 62 per cent in the case of other units. In the years 1970, 1975 and 1980 the disbursed amount has been steady at around 56 per cent of the amount sanctioned in the case of small scale units. In the case of other units however the percentage has been around 72 per cent except for 1975 when it fell down to an all time low of around 55 per cent. Talking of cumulative disbursement in rupee terms there has been a steep increase from 1956 when it was a meagre Rs.3.59 lakhs to Rs.80.31 lakhs in 1965 covering 70 units, Rs.2.26 crores in 1970 disbursed to 179 units. The corresponding figures for 1975 and 1980 were Rs.14.76 crores (977 units) and 47.05 crores (2818 units) respectively in the small scale sector. Similarly the disbursements to the units

other than small scale also increased rapidly. As against Rs.76.12 lakhs disbursed to 24 units upto 1960 the figure for 1965 stood at Rs.2.33 crores (60 units) thereby showing that during this five years period disbursements had been to the tune of Rs.1.57 crores which is two times that which had been disbursed upto 1960. Between 1965 and 1970 a further Rs.2.98 crores had been disbursed to an additional 40 units. This again is almost double the amount that had been disbursed between 1960-65.

The two five year periods that followed show an even better performance of the work done by the UPFC. Rs.7.18 and Rs.12.47 crores disbursed respectively between 1970-75 and 1975-80.

The UPFC further divulges loans working as agents of the state government as well. This facility, however, is enjoyed by the small scale industries only. In 1956 only 112 units had been covered under the agency scheme with assistance of Rs.43.06 lakhs. Progress in this field has been as rapid as in the case of corporation loan scheme and, by 1970 this scheme had been extended to 671 units covering an amount of Rs.3.36 crores. By 1980, this amount stood at Rs.14.01 crores covering 1680 units in the small sector.

Region-wise Performance of the UPFC

(a) Western Region : If we examine the assistance given by the UPFC on a regional basis we find that the pride of place

is enjoyed by Western Region. Primarily because it is the most prosperous region of the state as a result of which a greater number of entrepreneurs are coming forth to make investments there. Another reason which should not be overlooked is the fact that the western region covers 19 districts out of a total of 56 districts of the state and is the largest region even in size.

Effective Sanction and Disbursement in the
Western Region as a Percentage to Effective
Sanction and Disbursement in the State

Year	<u>Effective Sanction</u>		<u>Disbursement</u>	
	Small	Other	Small	Other
1971-72	43.99	48.96	45.05	47.82
1974-75	48.26	55.57	48.27	49.64
1979-80	53.26	50.96	54.16	47.59

In 1971-72 the Western Region had an effective sanction of Rs.5.61 crores for the small scale units and 5.72 crores for the other units which works out to nearly 44 per cent and 49 per cent respectively of the amounts sanctioned in the state as a whole. The region has had an increasing share of the small scale loans in 1974-75 (48%) and in 1979-80 (53%). In case of other than small scale the percentage went up to 55.5 per cent in 1974-75 but decreased to 51 per cent in 1979-80. Within the region, however, we find that the backward districts were being neglected at the cost of the not so backward and developed districts. The region had 11 backward and 7 non-backward districts (Dehradun has been taken

in the Hill region for this study) in 1971-72 and 1974-75.

Percentage Distribution of Effective Sanction and Disbursement between Backward and Non-backward Districts to Total Effective Sanction and Disbursement in the Western Region

	<u>Effective Sanction</u>		<u>Disbursement</u>	
	Small	Others	Small	Others
<u>1971-72</u>				
a. Backward	21.50	12.69	23.51	17.42
b. Non-backward	78.50	87.31	76.49	82.58
<u>1974-75</u>				
a. Backward	28.70	24.72	24.17	12.22
b. Non-backward	71.30	75.28	75.83	87.78
<u>1979-80</u>				
a. Backward	51.94	22.76	47.69	19.32
b. Non-backward	48.06	77.24	52.31	80.68

The sanctions went heavily in favour of the non-backward districts which claimed 78.50 per cent of the small scale sanctions and 87.31 per cent of the sanctions in the case of other units in 1971.72. It may, therefore, be pointed out that the UPFC had not taken concrete steps for the improvement of the backward districts. By 1974-75 there had been a slight improvement in the case of backward districts which had claimed 28.70 and 24.72 per cent of the small scale and other loans sanctioned in the region as a whole. After that the UPFC has taken some more concrete steps in this direction, as a result we find a much better picture in the year 1979-80 when the backward districts were sanctioned nearly 52 per cent of the

small scale loans. In the case of other loans however the percentage in backward districts continues to be low (22.76 per cent) which goes to show that it is not easy to lure entrepreneurs to invest in big ventures in the backward areas.

Since sanctioned amounts have been highest in the Western Region it follows that disbursements too have been high there- 45 and 48 per cent in 1971-72. This percentage went up to 48 per cent in 1974-75 and to 54 per cent in 1979-80 in the case of small units. In the case of other units it was amount 48 per cent in the three points of time taken into consideration in this study. The backward districts showed an improvement in the percentage share of the disbursement in the region from 23.5 per cent in 1971-72 to 24.7 per cent in 1974-75 and nearly 48 per cent in the year 1979-80. The disbursement in the case of the other than small units rose from 82.5 per cent in non-backward districts in 1971-72 to almost 88 per cent in 1974-75 and then decreased to slightly over 80.5 per cent in 1979-80.

Looking at disbursement as a percentage of effective sanction we find that entrepreneurs of the non-backward areas seem to be more keen on taking their loans in most cases either in the small scale or in the other than small scale units. The only exception was the year 1971-72 when 45.5% of the small scale loans sanctioned were disbursed in the backward districts as against 40.5 per cent in the non-

backward districts. In the case of other than small scale units the percentage for backward districts is as high as 99.3 per cent as against 68.4 per cent in the non-backward districts.

Disbursement as a % of Effective Sanction
in the Western Region

	<u>Small Scale</u>	<u>Other than Small Scale</u>
1. Year 1971 - 72		
a. Backward Districts	45.46	99.31
b. Non-backward Districts	40.52	68.42
2. Year 1974 - 75		
a. Backward Districts	47.76	24.47
b. Non-backward Districts	60.31	57.75
3. Year 1979 - 80		
a. Backward Districts	54.30	57.13
b. Non-backward Districts	65.10	70.27

(b) Eastern Region : The Eastern Region has 15 districts out of which 11 are backward. The fact that nearly 75 per cent of its districts are backward is proof itself of the backwardness of the region as a whole. Its condition is however better than that of the Hill and Bundelkhand regions.

Effective Sanction and Disbursementⁱⁿ the Eastern Region as
as a Percentage of Total Effective Sanction and Disbur-
sement of the State

Year	<u>Effective Sanction</u>		<u>Disbursement</u>	
	<u>Small</u>	<u>Other</u>	<u>Small</u>	<u>Other</u>
1971-72	21.97	19.54	18.64	18.84
1974-75	20.83	14.88	16.64	16.98
1979-80	18.26	15.11	18.36	15.57

Looking at effective sanctions made to the small scale units of the Eastern Region we find that its share has shown a gradual decrease over the years from nearly 22 per cent in 1971-72 to around 18 per cent in 1979-80. In the case of units other than small scale also the percentage fell from 19.5 in 1971-72 to just below 15 per cent in 1974-75 and 15 per cent in 1979-80. Eastern Regions share in disbursement to small scale units remained steady at around 18 per cent except in 1974-75 when it fell to a little above 16.5 per cent. However there is a steady decline in case of units other than small scale from nearly 19 per cent to 17 per cent and then to 15.5 per cent in 1979-80.

The four non-backward districts enjoyed the majority of the UPFC loans sanctioned in the entire region and subsequently the disbursement is much higher in the non-backward districts in 1971-72.

Percentage Distribution of Effective Sanction
and Disbursement in Backward and Non-backward
Districts of the Eastern Region

	<u>Small</u>	<u>Other</u>	<u>Small</u>	<u>Other</u>
<u>1971-72</u>				
a. Backward	25.65	11.48	33.22	6.02
b. Non-Backward	74.75	88.52	66.78	93.98
<u>1974-75</u>				
a. Backward	37.53	17.43	31.35	9.34
b. Non-Backward	62.47	82.57	68.65	90.66
<u>1979-80</u>				
a. Backward	57.71	30.03	52.03	18.80
b. Non-Backward	41.29	69.97	47.97	81.20

However, over the years things have improved in favour of the backward districts with the result that while in 1971-72 the backward regions received only 25.65 per cent of the loans, in the backward areas by 1979-80 the percentage had more than doubled to 57.71 per cent. Disbursement, similarly has increased from around 33 per cent to 52 per cent. Even in the case of loans other than small scale there is an improvement although it is not very high sanctions went up from around 11.5 per cent to 30 per cent while disbursement from 6 per cent to around 19 per cent.

Disbursement as a % of Effective Sanction
in the Eastern Region

Year	<u>Small Scale</u>	<u>Other</u>
<u>1971-72</u>		
a. Backward	44.62	37.44
b. Non-backward	30.94	75.85
<u>1974-75</u>		
a. Backward	37.84	33.88
b. Non-backward	49.79	69.48
<u>1979-80</u>		
a. Backward	52.08	46.51
b. Non-backward	65.52	86.22

The non-backward districts appear to be more keen in availing the loans sanctioned to them. The only exception being the small scale units during 1971-72 where the percentage is higher for backward districts. The Eastern and Western Regions show an identical picture in this respect.

(c) Central Region : The Central Region has in all 9 districts. Out of these 5 were backward and subsequently Sitapur was also listed as backward taking the total to 6 backward. This region stands out as the second most developed region of the state. Thus effective sanctions to it have been second highest although the percentage share has declined over the years.

Effective Sanction and Disbursement of the Central Region as a % of Total Effective Sanction and Disbursement in the State

Year	<u>Effective Sanction</u>		<u>Disbursement</u>	
	Small	Other	Small	Other
1971-72.	27.74	26.45	31.26	29.06
1974-75	22.96	21.32	28.02	26.82
1979-80	21.07	25.49	20.56	29.42

In the case of small scale industry loans it has fallen from around 27.75 per cent in 1971-72 to 21 per cent in 1979-80 and in the case of loans other than small scale the percentage has fallen marginally from around 26.5 per cent to around 25.5 per cent. Disbursement of small scale loans have like-wise registered a decline from 31 per cent in 1971-72 to 20.5 per cent in 1979-80.

The Central Region also conforms to the general trend of sanction and disbursement between the backward and non-backward districts with the backward districts having a very low share of sanction and disbursement in 1971-72 and by 1979-80

they have over 50 per cent of the effective sanction in both small and other sector while disbursement has been around 47-48 per cent.

Percentage Share of Effective Sanction and Disbursement between Backward and Non-backward Districts to Total Sanction and Disbursement of the Region

Year	<u>Effective Sanction</u>		<u>Disbursement</u>	
	Small	Other	Small	Other
<u>1971 - 72</u>				
(a) Backward	11.23	22.67	6.52	14.31
(b) Non-backward	88.77	77.33	93.48	85.69
<u>1974 - 75</u>				
(a) Backward	29.43	44.05	26.69	29.30
(b) Non-backward	70.57	55.95	73.31	70.70
<u>1979 - 80</u>				
(a) Backward	54.38	54.75	47.05	48.06
(b) Non-backward	42.62	45.25	52.95	51.94

Disbursement as a Percentage of Effective Sanction in the Central Region

Year	<u>Small</u>	<u>Other</u>
<u>1972-72</u>		
(a) Backward	26.58	51.34
(b) Non-backward	48.20	90.17
<u>1974-75</u>		
(a) Backward	62.78	46.39
(b) Non-backward	71.88	88.11
<u>1979-80</u>		
(a) Backward	48.52	73.01
(b) Non-backward	65.08	95.49

Disbursements have been higher in the case of units other than small scale particularly in case of the non-backward districts where they have been as high as 95.5 per cent. In the backward districts the range has been 46 to 73 per cent. For the small scale units the percentage has been low for the backward districts but higher for the non-backward districts.

(d) Hill Region : Till recently the Hill Region had 7 districts of which only Nainital was non-backward. Of late Dehra Dun has also been included in this region and is also a non-backward district. The region is very backward as a whole with little industrial activity in particular. As a result entrepreneurs are hardly willing to invest in this area. Subsequently the participation of the UPFC has also been meagre in the Hills.

Effective Sanction and Disbursement in the Hills
as a Percentage to Total Effective Sanction and
Disbursement in the State

Year	<u>Effective Sanction</u>		<u>Disbursement</u>	
	Small	Other	Small	Other
1971 - 72	3.92	3.34	3.35	4.27
1974-75	4.10	6.58	3.31	3.62
1979-80	4.82	6.35	4.44	6.22

In 1971-72 effective sanction was 3.92 and 3.34 per cent in the small and other than small units and increased to only

4.82 and 6.35 per cent by 1979-80. Disbursement showed a similar pattern and registered only a marginal increase.

Percentage Share of Effective Sanction and Disbursement between Backward and Non-backward Districts to Total Sanction and Disbursement

Year	<u>Effective Sanction</u>		<u>Disbursement</u>	
	Small	Other	Small	Other
<u>1971 - 72</u>				
(a) Backward	34.51	-	12.98	-
(b) Non-backward	65.49	100.00	87.02	100.00
<u>1974 - 75</u>				
(a) Backward	38.18	39.86	36.48	-
(b) Non-backward	61.82	60.14	63.52	100.00
<u>1979 - 80</u>				
(a) Backward	29.72	43.46	26.91	34.19
(b) Non-backward	70.28	56.54	73.09	65.21

The two non-backward districts namely Dehra Dun and Nainital seem to be the only areas of any industrial activity as a result out of the total sanction 70 per cent went to the non-backward districts and it bagged 73 per cent of the total disbursement in the case of small scale units in 1979-80 by which period the percentage share of sanction and disbursement both had touched 50 per cent in the Western, Eastern and Central regions. In case of sanction to the other than small scale units the backward districts of the hills have faced better over the years and by 1979-80 they received

nearly 43.5 per cent of the total sanction and 34 per cent was disbursed in the backward districts in the other than small scale sector.

Disbursement as a Percentage of Effective
Sanction in the Hills

Year	<u>Small</u>	<u>Other</u>
<u>1971 - 72</u>		
(a) Backward	13.04	-
(b) Non-backward	46.09	94.87
<u>1974 - 75</u>		
(a) Backward	43.70	-
(b) Non-backward	47.00	50.69
<u>1979 - 80</u>		
(a) Backward	45.40	55.60
(b) Non-backward	55.07	82.28

Looking at disbursement as a percentage of effective sanction in the Hills we find that the backward districts have been utilising a greater percentage of the amounts sanctioned over the years. In the small scale, for instance, disbursement was as low as 13 per cent in 1971-72 and by 1974-75 it was 43.7 per cent. It improved marginally to 45.5 per cent by 1979-80. In the case of other than small scale no amount was sanctioned in 1971-72. And although Rs.50.5 lakhs were sanctioned in 1974-75 disbursement was nil. However in 1979-80 disbursement was 55.6 per cent of the effective sanction. In the non-backward districts the

percentage for 1974-75 was only slightly higher than in 1971-72. but had risen appreciably to 55 per cent by 1979-80. In the case of other units it was nearly 95 per cent in 1971-72. It then fell to almost 50 per cent by 1974-75 and then rose again to 82 per cent in 1979-80.

(e) Bundelkhand Region : Bundelkhand with five districts is the only region which constitutes only backward districts. This by itself is a reflection on the state of the economy of the region. The point is further emphasised if we look into effective sanction and disbursement to the region as a percentage of total effective sanction and disbursement in to the state as a whole.

Effective Sanction and Disbursement in Bundelkhand Region as a Percentage of Total Effective Sanction and disbursement of the State

Year	<u>Effective Sanction</u>		<u>Disbursement</u>	
	Small	Other	Small	Other
1971 - 72	2.38	1.71	1.70	-
1974 - 75	3.84	1.85	3.75	2.94
1979 - 80	2.59	2.10	2.68	1.19

Disbursement as a % of Effective Sanction

Year	<u>Small</u>	<u>Other</u>
1971 - 72	29.04	Nil
1974 - 75	55.40	98.83
1979 - 80	54.64	40.79

Disbursement as a percentage to effective sanction was only 29 per cent in the small scale sector in 1971-72. Between 1974-75 and 1979-80 it has been steady around 55 per cent. In the other sector we witness very high fluctuations between 1974-75 when disbursement was almost 99 per cent and in 1979-80 when disbursement was only around 41 per cent of the effective sanction.

Looking at the activities of the UPFC on a region-wise basis, we can see that not only has the UPFC taken greater interest in stepping up the rate of industrial activity within the regions but it has at the same time been paying a greater importance to the backward areas.

We will now try to link the performance of the UPFC with the change in the level of industrial activity on a region-wise basis in the State. It should at this juncture, be pointed out that the entire credit for the industrial development in the various regions does not go to the UPFC alone for there has been the government as well as other institutions which have been playing a vital role towards the industrial development in the state yet. We can certainly say that the UPFC has also been a contributor to the industrial prosperity of the state to at least a certain degree.

Change in economic activity is being seen via changes in the following variables between 1970 and 1979 :

- i. No. of Registered Factories
- ii. Fixed and Working Capital
- iii. Employment
- iv. Value of Production

The number of registered factories in the state rose from 3673 in 1970 to 5024 in 1979 showing an increase of around 36.75 per cent. Those in the backward areas rose from 762 to 1044 during the same period which is an increase of 37 per cent. It can then be seen that increase in the industrial activity in the backward regions has kept pace with the state as a whole as far as the expansion of the industry by way of additional units is concerned.

Looking at the levels of industrial activity on the basis of employment we find that the total work force employed in the registered factories in U.P. was 2,82,160 in 1970. By 1979 this figure had risen to 3,55,934 there by registering an increase of just over 26 per cent. The employment during this period rose by over 35.5 per cent. in the backward districts of Uttar Pradesh whereas in the non-backward districts the increase was only around 23.5 per cent.

The value of production in the registered factories similarly increased from Rs.709.91 crores to Rs.2,080.93 crores between 1970 and 1979. This increase works out to nearly Rs.200 per cent (193.12%). The backward districts showed an increase in their production of over 150 per cent. While in the non-backward areas it was almost 202 per cent.

It is therefore of interest to note that while employment went up by 35 per cent in the backward areas production went up one and a half times whereas with only 23 per cent increase in employment the production doubled in the non-backward

districts. This could however have been as a result of more labour intensive units being set up in the backward districts as compared to the non-backward ones.

The increase in industrial activity is also reflected in the fixed and working capital which rose from Rs.542.43 crores in 1970 to Rs.1,368.60 crores in 1979 (152 per cent). In the backward districts this increase worked out to around 80 per cent which again adds substance to the belief that the units established in the backward districts during this period were less capital intensive.

Looking at industrial development on a regional basis we find that over the years there has been increases in fixed and working capital, employment as well as production in the various regions of the state. The western region showed increases of 240 per cent, 67 per cent and 259 per cent in fixed and working capital, employment and value of production between 1970 and 1979. The eastern region registered an increase of 80 and 97 per cent respectively in case of fixed and working capital and value of production respectively while its employment went up by around 11 per cent.

In the case of the central region there was a decline in total employment of around 20 per cent. This has been so mainly because of the textile industry of Kanpur. Over the years Kanpur has witnessed a serious problem in the cotton textile mills. There is a list of them that have been declared

sick and a good number has also closed down. The net result has been that the same cotton textile industry of Kanpur which was a potential source of employment has had to resort to retrenchment as seen in the sick mills. However fixed and working capital have gone up by around 114 per cent and value of production by 142 per cent.

In the hills we find that while employment has gone up by only 7 per cent and the fixed and working capital have increased by around 27.5 per cent there has been a three time increase in the value of production (336 per cent). The two non-backward districts of the hills namely Dehra Dun and Nainital have been mainly responsible for this phenomenon where the value of production has risen from Rs.11.91 crores in 1970 to Rs.52.42 crores in 1979.

Bundelkhand which is one of the poorest regions of the state has also shown an improvement in 1979 over 1970. The fixed and working capital as well as the value of production have increased by about 220 per cent each whereas there has been a 38 per cent increase in employment in the registered factories of Bundelkhand.

We can therefore see that at the state as well as the regional level there has been expansion in the industrial sector over the years and since the UPFC has been one of the institutions with promotion of industrial activity as its basic objective it may be summed up that it has played its part towards this end.

TABLE - I

UPFC Since 1956 : CUMULATIVE FIGURES

	1956	1960	1965	1970	1975	1980
A. Sanction of loan (Effective) as on 31 March (Rs. lakhs)						
a. Small Scale	20.62 (26)	25.83 (37)	113.31 (90)	339.91 (241)	2603.43 (1550)	8189.72 (5057)
b. Other than Small Scale	-	107.27 (27)	378.15 (75)	729.46 (117)	2269.06 (274)	3477.45 (342)
B. Disbursement of Loan						
a. Small Scale	3.59 (12)	21.57 (30)	80.31 (70)	225.70 (179)	1476.23 (977)	4705.19 (2818)
b. Other than Small Scale	-	76.12 (24)	233.37 (66)	531.59 (106)	1257.91 (199)	2505.64 (309)
Assistance under Agency and Special Scheme of the Govt.	-	43.06 (112)	130.84 (355)	336.39 (671)	639.34 (1291)	1401.75 (1680)
C. Loan Outstanding (Principal)	3.59	80.14	211.45	485.68	2071.41	5732.06
D. No. of UPFC Offices	1	1	1	3	11	16
E. Disbursement as % of Effective Sanction						
a. Small Scale	17.41	83.51	70.88	56.44	56.70	57.45
b. Other than Small Scale	-	70.96	61.71	72.87	55.44	72.05

Source : Annual Report of the UPFC 1980

TABLE - II

Loans
Region-wise Effective Sanction and Disbursement of Corporation/(Cumulative Figures)
1971 - 72

(Rs. lakhs)													
	Effective Sanction						Disbursement						
	Small			Other			Small			Other			
	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%	
W	(B)	66	120.70	21.50	13	72.65	12.69	46	54.87	23.51	13	72.15	17.42
	(NB)	191	440.64	78.50	66	499.71	87.31	111	178.56	76.49	66	341.92	82.58
	(Total)	257	561.35		79	572.36		157	233.43		79	414.07	
E	(B)	38	71.90	25.65	4	26.23	11.48	27	32.08	33.22	3	9.82	6.02
	(NB)	93	208.42	74.35	25	202.25	88.52	54	64.49	66.78	22	153.41	93.98
	(Total)	131	280.32		29	228.48		81	96.57		25	163.23	
C	(B)	16	39.73	11.23	8	70.12	22.67	8	10.56	6.52	6	36.00	14.31
	(NB)	135	314.20	88.77	38	239.15	77.33	88	151.44	93.48	37	215.65	85.69
	(Total)	151	353.93		46	309.27		96	162.00		43	251.65	
H	(B)	4	17.25	34.51	-	-		1	2.25	12.98	-	-	
	(NB)	15	32.74	65.49	4	39.00	100%	11	15.09	87.02	4	37.00	100%
	(Total)	19	49.99		4	39.00		12	17.34		4	37.00	
B All Backward		9	30.37		1	20.00		7	8.82		-	-	
U.P.	(B)	133	279.96	21.94	26	189.00	16.17	89	108.58	20.95	22	117.97	13.62
	(NB)	434	996.00	78.06	133	980.11	83.83	264	409.58	79.05	129	747.98	86.38
	(Total)	567	1275.96		159	1169.11		353	518.16		151	865.95	

Source : Annual Report of the UPFC 1972

N.B. i. W = Western Region; E = Eastern Region; C = Central Region ; H = Hill Region and
B = Bundelkhand Region.

ii. (B) = Backward districts, and (N.B.) = Non-backward districts.

Region-wise Effective Sanction and Disbursement - Year 1974-1975

Source : Annual Report of the UPFC 1975

Source : Annual Report of the UPFC 1975

TABLE - IV

Region-wise Effective Sanction and Disbursement - 1979-1980

	Effective Sanction				Disbursement							
	Small Units		%	Units	Other %	Small Units	%	Units	Other %			
W												
(B)	1281	2213.63	51.94	41	403.32	22.76	656	1215.34	47.69	38	230.41	19.32
(NB)	1346	2148.05	48.06	128	1368.92	77.24	842	1333.25	52.31	114	962.07	80.68
(Total)	2627	4361.68		169	1772.24		1498	2548.59		152	1192.48	
E												
(B)	490	863.02	57.71	16	157.76	30.03	258	449.48	52.03	12	73.37	18.80
(NB)	531	632.46	42.29	48	367.52	69.97	324	414.37	47.97	44	315.87	81.20
(Total)	1021	1495.48		64	525.28		582	863.85		56	390.24	
C												
(B)	352	938.30	54.38	40	485.25	54.75	186	455.31	47.05	35	354.32	48.06
(NB)	425	787.22	45.62	50	400.99	45.25	292	512.30	52.95	50	332.91	51.94
(Total)	777	1725.52		90	886.24		473	967.61		85	737.23	
H												
(B)	160	117.24	29.72	5	95.90	43.46	57	56.23	26.91	3	53.32	34.19
(NB)	240	277.29	70.28	10	124.76	56.54	136	152.70	73.09	10	102.65	65.81
(Total)	400	394.53		15	220.66		193	208.93		13	155.97	
B												
(B)	232	212.51	100.00	4	73.03	100.00	67	116.11	100.00	3	29.72	100.00
U.P												
(B)	2515	4344.70	53.05	106	1215.26	34.95	1224	2292.67	48.72	91	741.14	29.58
(NB)	2542	3845.02	46.95	236	2262.19	65.05	1594	2412.62	51.28	218	1764.50	70.42
(Total)	5057	8189.72		342	3477.45		2818	4705.19		309	2505.64	

Source : Annual Report of the UPFC 1980

TABLE - V

Region-wise Data for Registered Factories 1970

Region	No. of Units	Fixed & Working Capital (Rs. lakhs)	Workers Employed	Value of Production (Rs. lakhs)
West Backward	394	4,238.04	28,459	6,169.17
N.B.	1657	17,750.68	98,727	29,110.91
Total	2051	21,988.72	1,27,186	35,280.08
East Backward	241	4,764.90	21,649	5,487.87
N.B.	431	13,513.28	32,577	11,423.23
Total	672	18,278.18	54,226	16,911.10
Central Backward	80	2,331.11	8,411	2,800.07
N.B.	731	10,413.81	85,265	14,546.91
Total	811	12,744.92	93,676	17,346.98
Hill Backward	4	60.39	135	51.78
N.B.	92	1,080.37	5,924	1,190.69
Total	96	1,140.76	6,059	1,242.47
Bundelkhand (All Backward)	43	100.59	1,013	210.57
U.P. Backward	762	11,485.03	59,667	14,719.45
N.B.	2911	42,758.14	2,22,493	56,271.74
Total	3673	54,243.17	2,82,160	70,991.19

Source : Directorate of Industries, Kanpur.

TABLE - VI

Region-wise Data for Registered Factories 1979

Region	No. of Units	Fixed & Working Capital (Rs. lakhs)	Workers Employed	Value of Production (Rs. lakhs)
West Backward	702	10,558.94	45,590	21,601.04
N.B.	2567	64,288.40	1,67,195	1,05,081.46
Total	3269	74,847.34	2,12,785	1,26,682.50
East Backward	132	4,867.52	22,127	8,137.97
N.B.	440	28,024.50	38,256	25,153.52
Total	572	32,892.02	60,383	33,291.49
Central Backward	162	4,715.25	11,409	7,305.35
N.B.	876	22,628.68	63,478	34,704.94
Total	1038	27,343.93	74,887	42,010.29
Hills Backward	16	206.27	422	182.69
N.B.	97	1,248.74	6,054	5,241.64
Total	113	1,455.01	6,476	5,424.33
Bundelkhand (All Backward)	32	322.21	1,403	684.50
U.P. Backward	1044	20,670.19	80,951	37,911.55
N.B.	3980	1,16,109.32	2,74,983	1,70,181.56
Total	5024	1,36,860.51	3,55,934	2,08,093.11

Source : Directorate of Industries, Kanpur.